

DOCUMENT RESUME

ED 112 783

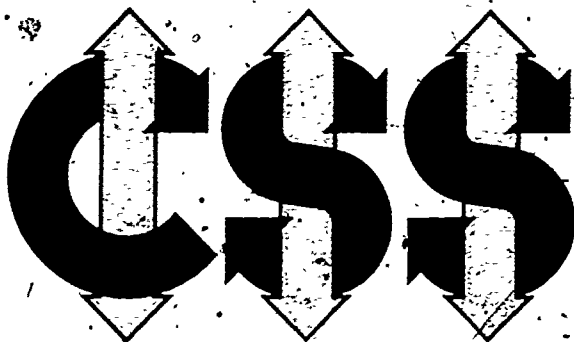
HE 006 796

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TITLE Measuring Student Resources for Postsecondary Educational Expenses.
INSTITUTION College Entrance Examination Board, New York, N.Y. Coll. Scholarship Service.
PUB DATE 75
NOTE 7p.
EDRS PRICE MF-\$0.76 HC-\$1.58 Plus Postage
DESCRIPTORS *Educational Finance; Equalization Aid; Expenditure Per Student; Federal Aid; *Financial Support; *Higher Education; Parental Background; *Scholarship Loans; Seasonal Employment; Student Costs; Student Employment; *Student Loan Programs; Tuition Grants

ABSTRACT

The current treatment of student resources in the College Scholarship Service (CSS) need analysis procedures is reviewed, and suggestions for change in these procedures are offered. There is evidence to indicate that some increase in expected contribution from summer earnings should be made, but the amount of such an increase is difficult to determine. Figures derived are: prefreshman, \$500; presophomore, \$600; prejunior, \$700; presenior, \$700. Recommendations are made for changes in the current treatment of students' assets in the Parents' Confidential Statement processing system. It is proposed that the current treatment of a student's social security benefits be modified to provide for their inclusion in family income rather than as a student resource. No changes are being proposed in the current treatment for veterans' benefits (i.e., vocational-rehabilitation payments, war-orphan benefits). These are specifically student benefits and are made available to meet the specific costs of postsecondary education, and their inclusion as a part of student resources is believed to be appropriate. (LBH)

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MEASURING STUDENT RESOURCES FOR POSTSECONDARY EDUCATIONAL EXPENSES

This paper was prepared by James L. Bowman, Director, Financial Aid Studies and Programs, Educational Testing Service, for discussion and reaction at the College Board Regional Assembly meetings, winter 1975.

The financial need analysis system of the College Scholarship Service (CSS) has, from its inception, incorporated the basic principle of self-help. In discussions and in its publications pertaining to the basic assumptions of need analysis, the CSS has stated: "...the student has an obligation to assume a responsibility for a portion of the cost of his education. This obligation is reflected through a systematic expectation of contribution from a student's own savings and employment income."

The purpose of this brief paper is to review the current treatment of student resources in the CSS need analysis procedures and to make certain suggestions for change in these procedures.

Expectation from Summer Savings

For students who will be attending a postsecondary institution during the academic year 1975-76 the CSS has assumed in measuring the student's ability to pay that the following amounts will be expected to be contributed toward educational costs from the savings from the student's earnings the preceding summer:

1. Manual for Financial Aid Officers. New York: College Scholarship Service, 1967, p. 5-1.



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	<u>Men</u>	<u>Women</u>
Prefreshman	\$400	\$300
Presophomore	500	400
Prejunior	600	500
Presenior	600	500

These assumed contributions from summer earnings have changed only slightly since the CSS began. For example, the expected contribution for a prefreshman student in 1955-56 was \$250 for a man and \$150 for a woman, and the contributions currently being used were incorporated in CSS procedures in 1969.

In the ensuing years there have been significant changes in the economy that would suggest that changes should be made in the portion of costs assumed to be met by students' self-help. The period since 1969 has been one of continued economic growth during which the median money income of families in the United States has continued to increase. (Adjusted for increases in the price level, "real" income has also increased.) Until recently there was every evidence that, in general, students have been able to share in this economic growth, both in terms of availability of job opportunities and in higher pay for part-time employment. One of the primary causes of the increased student participation and opportunities had been the summer job program for young workers that has been carried out by both government and the private sector since the middle 1960s.

Over the past four or five years, many of the member institutions of the CSS Assembly have made surveys of their students and have documented the increase in the average summer earnings above those used in the current CSS need analysis procedures. As a result, a number of institutions of higher education, both public and private, are adjusting the CSS estimates of expected family contributions to require a greater self-help contribution from the student. The general range of increase in expectations is from \$100 to \$200.

While there is ample evidence to indicate that some increase in expected contribution from summer earnings should be made, the amount of such an increase is not so easily determined. Part of the difficulty stems from philosophic differences relating to how educational costs should be allocated among a student, his family, and society. As a consequence, it becomes necessary to establish guidelines for self-help by students from their part-time employment on the basis of what seems to be appropriate, in light of the general economic conditions prevailing at the current time.

In setting expectation levels, the CSS must recommend earnings that reflect a national pattern of income. But in fact local areas will differ in terms of employment opportunities, wage scales, and variations in earnings according to sex, age, and race. A 1969 survey found considerable differences in income for students according to age, sex, and race.

Total Amount Earned by Students Who Worked at Summer Jobs
in 1969 by Age, Sex, and Color

	Percent distribution					
	18-19		20-21			
	Negro and White other races		White*	Male	Female	All persons
Total earnings	100.0	100.0	100.0	100.0	100.0	100.0
Under \$100	7.7	21.6	7.0	4.2	9.8	6.4
\$100 to \$299	17.4	24.0	9.2	6.4	14.4	9.4
\$300 to \$499	18.6	14.4	17.6	11.5	26.9	17.3
\$500 to \$699	19.6	23.4	18.0	16.1	23.4	18.9
\$700 to \$999	19.7	13.2	16.4	16.6	16.8	16.7
\$1,000 or more	17.1	3.4	31.8	45.1	8.7	31.3

*Data for "Negro and other races" not available in the 20-21 age group because of sample size limitations.

Source: Vera C. Perrella, "Students and Summer Jobs." Special Labor Force Report No. 128, 1971, p. A-14.

It must be pointed out that the concept of self-help is a philosophical one and that whatever amount is assumed to be made available as student self-help in need analysis procedures serves primarily as a benchmark of what the student's responsibility toward his own education should be. Because of the aid administrator's sensitivity to and knowledge of local conditions he or she will be better able to judge the opportunity for employment, which will vary considerably among geographic regions and even by size of city, and hourly earnings in which significant differences can also be found. In addition, it may be impossible for students to engage in summer employment because of illness, academic scheduling, etc. In such cases the financial aid administrator should be prepared to offer some self-help opportunities to the student -- for example, through term-time employment where the student can meet his self-help obligation through current employment, or by the use of loans that enable him to meet obligations through future employment.

Particular care must be exercised by the financial aid administrator in the determination of self-help contributions

from minority groups and students from low-income families. The opportunities for employment and ability to contribute toward their own educational expenses are far less than is the case for the majority of college students. The unemployment rate for teenagers in poverty neighborhoods is about double that for their counterparts in other neighborhoods.

In view of these factors the CSS here recommends to CSSA members that current CSS procedures relative to a standardized expectation toward self-help be modified and that the CSS provide instead a series of options that would allow institutional financial aid administrators to be more sensitive to the particular economic circumstances the majority of their students encounter. The following options, which would appear to give the greatest degree of flexibility to recognize problems in employment, place-to-place difference in earnings, etc. are proposed:

1. The CSS standard summer savings expectation..
2. An institutionally determined standard summer savings expectation.
3. A zero expectation.

It is further recommended that the CSS expectation for the 1975-76 processing year be increased to reflect more closely the increases in earnings for students working in the summer. Additionally, since institutions will be better able to make adjustments to reflect differences arising from sex, race, region, etc. it is recommended that the CSS adopt a uniform schedule of summer expectations. It is suggested that the increase be in the neighborhood of \$100 over the current level for men and \$200 above the present level for women. This would give rise to the following expectations from summer earnings in the CSS central need analysis procedures:

Uniform Summer Savings Expectations

Prefreshman	\$500
Presophomore	600
Prejunior	700
Presenior	700

Student Assets

It is considered appropriate at this time to make suggestions for changes in the current treatment of students' assets in the Parents' Confidential Statement processing system. Currently, the CSS divides the student assets reported on the PCS by the number of years of college remaining, assuming a

four-year program. The result of this calculation is entered on the Financial Need Analysis Report. Thus, a first-year student's assets would be divided by 4, a second-year student's by 3, and so on.

In contrast, students' assets reported on the Student's Financial Statement are treated in a somewhat different manner:

Total Assets of Student
Less: Indebtedness outstanding
Equals: Net worth
Less: Allowance against assets related to age
Equals: Available assets
Times: Conversion ratio related to age
Equals: Contribution from assets

For students in the age group of 18 to 22, the normal age of students using the PCS form, the allowance against assets is \$0, and the conversion ratio would be 35 percent. As a result, substitution of this procedure in PCS processing would provide slightly over one-third of the students' reported assets available each year rather than one-fourth, one-third, one-half, etc.

It is recommended that current PCS processing procedures for the treatment of student assets be modified to conform with the methodology used in SFS processing and also to be similar to that proposed in the uniform methodology for determining parents' ability to pay. It is felt that the method of treating student assets inherent in SFS procedures is more appropriate than the arbitrary division by years of college remaining. Therefore, it is suggested that there be an allowance against net worth based on age and a single conversion percent of 35 percent. This would provide a uniformity of treatment of student assets for students who filed a PCS and SFS -- especially important in cases where a PCS is filed in the prefreshman year and a SFS is filed for renewal purposes. This asset treatment would be consistent with that in the proposed uniform methodology.

Social Security

It is also proposed that the current treatment of a student's social security benefits be modified to provide for their inclusion in family income rather than as a student resource. The provision of such benefits is a function of the need to provide a continuation of family benefits because an 18-year-old or older student is continuing his education. In general, the family expenses that such benefits were covering prior to the student's eighteenth birthday continue while he is a

student. Recent opinions by the Social Security Administration support the contention that these payments are family benefits and not necessarily a student benefit to be used directly for postsecondary educational expenses.

Veterans' Benefits

No changes are being proposed in the current treatment for veterans' benefits (i.e., vocational-rehabilitation payments, war-orphan benefits, etc.). These are specifically student benefits and are made available to meet the specific costs of postsecondary education. Their inclusion as a part of student resources continues to be appropriate.